

COMMISSIONERS
JEFF HATCH-MILLER - Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

BRIAN C. McNEIL
EXECUTIVE DIRECTOR

ORIGINAL



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ARIZONA CORPORATION COMMISSION

MEMORANDUM

TO: Jeff Hatch-Miller, Chairman
William A. Mundell
Mike Gleason
Kristin K. Mayes
Barry Wong

FROM: Mark Dinell
Assistant Director of Securities

DATE: October 20, 2006

RE: *World Phantasy Tours, Inc.*, Docket Number S-03539A-03-0000

CC: Brian C. McNeil, Executive Director

Arizona Corporation Commission

DOCKETED

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AZ CORP COMMISSION
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Attached hereto you will find (1) Complaint pertaining to World Phantasy Tours, Inc. ("World Phantasy"), (2) Consent to Final Judgment and Order of Permanent Injunction pertaining to World Phantasy ("Consent") (3) Joint Motion to Amend Final Judgment and Order of Permanent Injunction ("Joint Amendment"); and (4) Final Judgment and Order of Permanent Injunction—Amended ("Amended Order").

Previously, the Commission had settled with five of the six respondents in the pending administrative action, S-03539A-03-0000 ("Administrative Proceeding"). The five settling respondents were Michael Eugene Kelly, Yucatan Resorts, Inc., Yucatan Resorts, S.A., Resorts Holding International, Inc., and Resort Holding International, S.A. (the "Settling Defendants"). The Honorable Peter D. Swann issued a Final Judgment and Order of Permanent Injunction pertaining to the Settling Defendants on February 21, 2006 ("Final Judgment") (attached as Exhibit "A" to the Joint Motion).

At the September Securities open meeting there was on the agenda a proposed order regarding the remaining respondent in the Administrative Proceeding, World Phantasy. After discussions with counsel for the Settling Defendants it was determined they believed that the proposed order was in conflict with the Final Judgment in that it contained findings of fact that could be attributed to their clients. The Securities Division asked that the proposed order be pulled from the open meeting agenda pending further discussions.

After extensive discussions it was determined that World Phantasy would agree to be bound by the Final Judgment. Further, Settling Defendants and the Securities Division agreed on modification to language in the Final Judgment that makes it clear that the Securities Division may proceed against other persons involved with the Settling Defendants and World Phantasy investments (i.e. salesman), and that no findings of fact or conclusions of law resulting "from any other administrative proceeding, arising from the facts in the Administrative Proceeding or this action, commenced by the [Commission] against any person or entity shall be attributed to, effective against or binding upon Defendants for any purpose". The clarifying language and the addition of World Phantasy to the Final Judgment will provide a final resolution of the Administrative Proceeding. The attached documents accomplish this goal.

At the November 2, 2006 open meeting, the Division will be requesting that the Commission approve the filing of the Complaint, Consent, Joint Amendment and form of Amended Order. The following comments pertain to the documents:

1. The Complaint is necessary to start an action in Superior Court against World Phantasy. After the Complaint is filed and a judge assigned we anticipate moving the court to consolidate the action with that prior action being handled by Judge Swann.
2. The Consent provides that the Commission and World Phantasy will settle the action against World Phantasy by having World Phantasy included under the Amended Order.
3. The Joint Motion provides that the Commission and Settling Defendants agree to amend the Final Judgment to clarify the intent of the parties.
4. The Amended Judgment will include World Phantasy and will include the clarifying language. In the copy of the Amended Judgment the clarifying language has been highlighted for your review. After the judge signs the Amended Judgment, the Commission will dismiss the Administrative Proceeding against World Phantasy.
5. Certain funds as called for under the Final Judgment have been withheld by Settling Defendants pending the resolution of the above issues. We have been told by counsel those funds will be disbursed to the Commission upon the signing of the Amended Judgment.

Staff and counsel for the Settling Defendants will be available to answer questions at the open meeting.

1 **ARIZONA CORPORATION COMMISSION**

2 Mark Dinell (Bar #11450)
3 1300 West Washington, 3rd Floor
4 Phoenix, Arizona 85007
5 Attorney for Plaintiff
6 Telephone: (602) 542-4242
7 Fax: (602) 594-7407

8 **SUPERIOR COURT OF THE STATE OF ARIZONA**

9 **IN AND FOR THE COUNTY OF MARICOPA**

10 ARIZONA CORPORATION COMMISSION,

11 Plaintiff,

12 vs.

13 WORLD PHANTASY TOURS, INC., aka
14 MAJESTY TRAVEL, aka VIAJES MAJESTY

15 Defendant.

No. CV _____

COMPLAINT

**(Other Civil – Securities Registration
Violations, Securities Fraud)**

16 For its Complaint against Defendant, Plaintiff Arizona Corporation Commission pleads as
17 follows:

18 1. The plaintiff in this matter, the Arizona Corporation Commission ("ACC"), is a
19 governmental entity charged with enforcing the Securities Act of Arizona, A.R.S. §44-1801 *et seq.*
20 (hereinafter, the "Securities Act").

21 2. Defendant, World Phantasy Tours, Inc., aka Majesty Travel, aka Viajes Majesty ("World
22 Phantasy") along with certain other entities (the "Other Entities") offered and sold securities in
23 violation of the Securities Act.

24 3. At all times relevant to this Complaint, Defendant and the Other Entities conducted
25 business within or from Maricopa County, Arizona.
26

4. The ACC brings this action pursuant to A.R.S. §§ 44-2031 and 44-2032. Venue is proper in this County pursuant to A.R.S. §§ 44-2031(B).

GENERAL ALLEGATIONS

5. Since at least 2000, Defendant and the Other Entities have been directly or indirectly engaged in the offer and sale of securities to the general public in Arizona in the form of investment contracts as defined by A.R.S. § 44-1801(26).

6. Defendant and the Other Entities' investment contract was marketed as a Universal Lease timeshare program ("Universal Lease"), a scheme that purportedly offered investors the opportunity to purchase timeshare units in one of various hotel properties in Cancun and Acapulco, Mexico, as well as parts of Central America.

7. The Defendant and the Other Entities designed, marketed and operated this Universal Lease during a period from approximately March 2000 through September 2003. During this time, over 369 Arizona investors invested over \$24.8 million dollars into this program.

8. Arizona investors were told that Universal Lease investment funds were being used to purchase more resort properties, indicating that investor funds were being pooled to provide financing for new acquisitions.

9. Universal Lease investor funds were in fact wired to a number of undisclosed locales, including dozens of companies and individuals in Mexico.

10. With respect to the certain accounts in Indiana and later Florida, a substantial amount of Universal Lease investment funds were wired directly to bank accounts held by the purported third-party servicing agent in the Universal Lease program, Defendant World Phantasy. These funds were then subsequently redistributed directly back to investors in the form of monthly, quarterly or annual interest payments.

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Specifics of the Universal Lease Program

11. Under the terms of the Universal Lease program, investors were required to invest a minimum of \$5,000 dollars, but they were allowed to invest any amount in excess of that sum. Investment funds were made payable to certain of the Other Entities.

12. Prospective investors were given the option to roll part or all of their IRA portfolios into the Universal Lease program. In doing so, investors were effectively replacing their existing retirement savings with the Universal Lease timeshare program. The Universal Lease application contained a specific form to facilitate the transfer of investors' retirement portfolios into the Other Entities' investment program.

13. According to Universal Lease promotional materials, investors were afforded the opportunity to select one of three separate Universal Lease "options." In practice, options 1 and 2 were illusory, effectively leaving option 3 as the sole Universal Lease Program alternative.

14. The Universal Lease literature focused on Option 3. According to Universal Lease promotional brochures, investors who "selected" Option 3 would be eligible to receive a guaranteed 11 percent (subsequently lowered to 9 percent) annual return on their timeshare investments for a period of 25 years, after which time the lease would be renewable for another 20 years.

15. For an investor to reap the 11 and later 9 percent per annum return under this Universal Lease option, the investor was required, as part of his investment, to hire a "third party" management company to lease the investor's timeshare unit. The Universal Lease materials identified the Panamanian company Defendant World Phantasy as the designated management company for this servicing function.

16. The selection of Defendant World Phantasy as the "independent third party leasing agent" was the only listed means under which investors could earn the promised 11 or 9 per cent rate of return on their Universal Lease investments.

17. To select Defendant World Phantasy as the servicing agent, investors were instructed to complete a formal "Management Agreement" with the company. This World Phantasy Management

1 Agreement was bundled with the Universal Lease promotional and application materials, and was
2 the single management company identified for servicing the various participating resorts.

3 18. Upon information and belief, no legitimate independent third party management companies
4 were actually available to lease out and service the Universal Lease timeshare units.

5 19. Once investors had made their investments in the Other Entities' Universal Lease program
6 and had signed the Management Agreement with Defendant World Phantasy, the investors were
7 contractually guaranteed to receive an 11 and later 9 percent per annum return on their investments
8 for the life of the Universal Lease. The investors had no duties or responsibilities following their
9 investments, and only the Other Entities and/or Defendant World Phantasy were responsible for
10 developing new units and/or managed existing rental units to generate the rental profits that would
11 purportedly support the investors' investment returns.

12 20. Option 3 was also the only one of the Universal Lease options that also allowed investors to
13 recoup up to 5 percent of any liquidation penalty incurred during the process of rolling other
14 investments into the Universal Lease program. This feature was an added incentive for investors to
15 exchange their existing investment portfolios into Option 3 of the Universal Lease Program.

16 21. Upon information and belief, all Arizona investors involved in the Universal Lease
17 program chose Option 3, the investment option.

18 *Misrepresentations and Omissions*

19 22. Although several different company brochures and promotional materials were
20 distributed to prospective Universal Lease investors, these investors were never apprised as to the
21 financial condition of the Other Entities, were never informed as to the distribution and uses of
22 Universal Lease investment funds.

23 23. Universal Lease sales agents received commissions reaching upwards of 20 percent for
24 investments made in the Universal Lease program under Option 3. These commissions were subject
25 to increases in instances where agents qualified for bonuses and/or sales overrides. Universal Lease
26 investors were not informed about the existence of these commissions or their amounts.

24. The Other Entities' Universal Lease was repeatedly marketed as a safe and secure investment program, and that any investments would be fully protected by debt-free properties. In making such claims, Other Entities failed to disclose the many inherent risks associated with investing in this foreign timeshare scheme.

25. The safety and security of investments in the Universal Lease were also routinely premised on sales agent claims of "full insurance." Such claims were misleading in that, although some of the resorts underlying the Universal Lease program may have had some form of casualty insurance, the Universal Lease program itself did not.

26. The Other Entities also failed to disclose to investors that the Other Entities were regularly wiring millions of dollars in Universal Lease investment funds over to bank accounts held by the purportedly “independent” servicing agent for the resort units, Defendant World Phantasy. Defendant World Phantasy then used these funds to meet outstanding investor interest payments.

27. Other Entities also failed to disclose that certain of the Other Entities were the subject of administrative orders for securities violations in Wisconsin and Pennsylvania

28. Upon information and belief, Arizona investors had no knowledge that the Other Entities had been the subject of previous sanctions based on multiple violations of state securities laws.

Recent Developments

29. In the summer of 2004, Defendant World Phantasy notified investors that it was ending its association with the Universal Lease program. Defendant World Phantasy announced that a company by the name of Galaxy Property Management ("Galaxy") would be taking over the "servicing functions." Arizona investors were not provided an explanation for, or choice in, this replacement.

30. Arizona investors were given no information as to who owns Galaxy, who manages Galaxy, where the company is based, whether the company is solvent, and what - if any - relationship it has with the Defendants.

1 31. Until recently, an individual by the name of Gabriel Escalante had been signing
2 correspondence to Universal Lease investors on behalf of Galaxy. Gabriel Escalante previously
3 served as the president and director of Defendant World Phantasy.

4 32. Despite repeated marketing claims that the Universal Lease program was safe and
5 guaranteed, quarterly interest payments to Universal Lease investors have been repeatedly missed
6 since Galaxy took over in August 2004. Only a few months of partial interest payments have been
7 received since that time.

8 33. In correspondence, Galaxy suggested that passing hurricanes were responsible for the
9 delinquent interest payments over the past 14 months or so. Galaxy gave no explanation why
10 insurance would not cover these missed payments.

11 34. Arizona investors have now received no outstanding Universal Lease interest payments
12 since April 2005.

13 **COUNT ONE**

14 **VIOLATION OF A.R.S. § 44-1841**

15 **(Offer and Sale of Unregistered Securities)**

16 35. The ACC incorporates by reference all allegations set forth in paragraphs 1 through 34 of
17 this complaint.

18 36. During the period from approximately May 2000 through at least September 2003,
19 Defendant offered and sold securities in the form of investment contracts, within or from Arizona.

20 37. The securities referenced above were not registered pursuant to Articles 6 or 7 of the
21 Securities Act.

22 38. This conduct violates A.R. S. § 44-1841.

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COUNT TWO
VIOLATION OF A.R.S. § 44-1842
(Transactions by Unregistered Dealers or Salesmen)

39. The ACC incorporates by reference all allegations set forth in paragraphs 1 through 38 of this Complaint.

40. During the period from approximately May 2000 through at least September 2003, Defendant offered and sold securities within or from Arizona while not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

41. This conduct violates A.R. S. § 44-1842.

COUNT THREE
VIOLATION OF A.R.S. § 44-1991
(Fraud in Connection with the Offer and Sale of Securities)

42. The ACC incorporates by reference all allegations set forth in paragraphs 1 through 41 of this Complaint.

43. In connection with the offer or sale of securities within or from Arizona, Defendant directly or indirectly: (i) employed a device, scheme or artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts which were necessary in order to make the statements made not misleading in light of the circumstances under which they were made; and (iii) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon offerees and investors. Defendants' conduct includes, but is not limited to, the following:

a) Although represented as an independent third party leasing agent by the Other Entities, Defendant World Phantasy Tours was not an independent third party leasing agent for the Universal Lease program, and in fact funds were routinely wired from Universal Lease investor funds over to Defendant World Phantasy for use in making interest payments back to investors;

b) Defendant failed to disclose to investors that a sales commission of at least 20 percent was routinely paid to Universal Lease sales agents consummating timeshare investments, and that sales agents were eligible for additional monetary bonuses and overrides;

c) Defendant failed to disclose to investors how, and for what purpose, monies invested into the Universal Lease Program were being managed, allocated and utilized;

d) Defendant failed to disclose to investors that the source of their interest payments was not rental revenue but other Universal Lease investor funds;

e) Defendant failed to disclose to investors any salient financial and/or background information about the companies operating the Universal Lease program;

f) Defendant failed to disclose to investors that administrative orders reflecting prior securities violations had been issued against various of the Other Entities in other jurisdictions;

44. This conduct violates A.R.S. § 44-1991.

COUNT FOUR

RESTITUTION OBLIGATION UNDER A.R.S. § 44-2032

(Order to Restore Monies or Property)

45. The ACC incorporates by reference all allegations set forth in paragraphs 1 through 44 of this Complaint.

46. Pursuant to A.R.S. § 44-2032(3), the ACC requests that this Court enter an Order restoring to current investors monies or property Defendants have acquired or transferred in violation of the Securities Act.

WHEREFORE, the ACC prays that this Court enter judgment as follows:

1. Order that Defendant be permanently enjoined from violating the Securities Act;
2. Order restoration to Arizona investors of all money and property Defendant has acquired or transferred in violation of the Securities Act;

3. Order Defendant to take affirmative action to correct the conditions resulting from their acts, practices and transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;

4. Order that Defendant pay the State of Arizona civil penalties in the amount of up to five thousand dollars (\$5,000) per violation of the Securities Act in accordance with A.R.S. § 44-2037, as the Court considers to be just and proper;

5. Order that Defendant pay the State of Arizona reasonable costs, including attorney fees, pursuant to A.R.S. § 44-2032(1)(b);

6. Order any other relief that the Court deems appropriate.

Dated this _____ day of _____, 2006.

ARIZONA CORPORATION COMMISSION

By: _____
Mark Dinell
Attorney for the Securities Division of the
Arizona Corporation Commission

1
2 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

3 **IN AND FOR THE COUNTY OF MARICOPA**

4 ARIZONA CORPORATION COMMISSION,)

No. CV 2006-001547

5 Plaintiff,)

6 vs.)

**CONSENT TO FINAL JUDGMENT
AND ORDER OF PERMANENT
INJUNCTION**

7 WORLD PHANTASY TOURS, INC., aka)
8 MAJESTY TRAVEL, aka VIAJES MAJESTY,)

9 Defendant.)

**(Assigned to the Honorable
Peter B. Swann)**

10
11
12 1. On _____, Plaintiff Arizona Corporation Commission
13 ("Commission") filed with the Superior Court in Maricopa County, Arizona (the "Court") a
14 Complaint (the "Complaint") against, World Phantasy Tours, Inc. aka Majesty Travel, aka Viajes
15 Majesty (the "Defendant").

16 2. This consent and settlement has been entered into and accepted by the Defendant
17 and the Commission for the sole purpose of settling any and all claims of the Commission arising
18 out of facts related to the allegations contained in the Complaint in this action and the
19 Administrative Action, Docket S-03539A-03-000, pending before the Commission (the
20 "Administrative Proceeding"), and without Defendant admitting or denying any of the allegations
21 in the Complaint in this action or in the Administrative Proceeding, and without trial or final
22 adjudication of any issue of fact or law pertaining to this action or the Administrative Proceeding,
23 and provided that no findings of fact or conclusion of law resulting from any other administrative
24 proceeding, arising from the facts in the Administrative Proceeding or this action, commenced by
25 Plaintiff against any person or entity shall be attributed to, effective against or binding upon
26

1 Defendant for any purpose;. For the foregoing sole purpose, the Defendant and the Commission
2 agree and consent to the entry of a Final Judgment and Order of Permanent Injunction--Amended
3 (the "Order") in the form attached hereto as Exhibit "A".

4 By signing below for Defendant the person signing represents that they are appropriately
5 authorized to enter into this Consent to Settlement and Permanent Injunction on behalf of the
6 settling Defendant.

7
8 For the Arizona Corporation Commission

9
10 By: _____
11 Mark Dinell
12 Attorney for the Arizona Corporation
Commission

13 WORLD PHANTASY TOURS, INC., aka MAJESTY TRAVEL,
14 aka VIAJES MAJESTY YUCATAN RESORTS, INC.

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16 By: _____
17 Eduardo Arauz Cedeno

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EXHIBIT "A"

Form of Final Judgment and Order of Permanent Injunction--Amended

1
2 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**
3 **IN AND FOR THE COUNTY OF MARICOPA**

4 ARIZONA CORPORATION COMMISSION,)
5)

6 Plaintiff,)

7 vs.)

8 MICHAEL EUGENE KELLY, a married man;)
9 YUCATAN RESORTS, INC., a former Indiana)
company; YUCATAN RESORTS, S.A., a former)
Panamanian corporation; RESORT HOLDINGS)
10 INTERNATIONAL, INC., a former Nevada)
corporation; RESORT HOLDING)
11 INTERNATIONAL, S.A., a Panamanian)
Corporation; and WORLD PHANTASY TOURS,)
12 INC., aka MAJESTY TRAVEL, aka VIAJES)
MAJESTY)

13 Defendants.)
14)

No. CV 2006-001547

**FINAL JUDGMENT AND ORDER
OF PERMANENT INJUNCTION--
AMENDED**

**(Assigned to the Honorable
Peter B. Swann)**

15
16 On this _____ day of _____, 2006, after consideration of the Joint Motion to
17 Amend Final Judgment and Order of Permanent Injunction executed by counsel for Plaintiff and all
18 Defendants, except World Phantasy Tours, Inc., aka Majesty Travel, aka Viajes Majesty, and the
19 Consent to Final Judgment and Order of Permanent Injunction executed by World Phantasy Tours,
20 Inc., aka Majesty Travel, aka Viajes Majesty, and

21 This Court having previously entered a Final Judgment and Order of Permanent of
22 Injunction signed February 21, 2006 with Defendants Michael Eugene Kelly, Yucatan Resorts,
23 Inc., Yucatan Resorts, S.A., Resort Holdings International, Inc. and Resort Holding International,
24 S.A. (collectively, along with World Phantasy Tours, Inc., aka Majesty Travel, aka Viajes Majesty,
25 "Defendants") and it appearing to the Court that Plaintiff and Defendants agree to certain
26

1 amendments to this Court's February 21, 2006 Final Judgment and Order of Permanent of
2 Injunction. It further appearing to the Court that each of the Defendants has consented to the entry
3 of this Final Judgment and Order of Permanent Injunction; and

4 It appearing to the Court that each of the Defendants has admitted jurisdiction of the Court
5 over themselves and the subject matter of this action; and

6 It appearing that the parties have entered into a Consent to Final Judgment and Order of
7 Permanent Injunction and pursuant thereto have agreed to the entry of this Order for the purpose of
8 settling any and all claims of the Arizona Corporation Commission (the "Commission") arising out
9 of facts related to the allegations contained in the Complaint in this action and the Administrative
10 Action, Docket S-03539A-03-000, pending before the Commission (the "Administrative
11 Proceeding"), and without Defendants admitting or denying any of the allegations in the Complaint
12 in this action or in the Administrative Proceeding, and without trial or final adjudication of any
13 issue of fact or law pertaining to this action or the Administrative Proceeding and provided that no
14 findings of fact or conclusion of law resulting from any other administrative proceeding, arising
15 from the facts in the Administrative Proceeding or this action, commenced by Plaintiff against any
16 person or entity shall be attributed to, effective against or binding upon Defendants for any
17 purpose;
18

19 NOW, THEREFORE, the Court finds sufficient basis to order the following:

20 IT IS ORDERED that, pursuant to A.R.S. §44-2032 Defendants, and their agents,
21 employees, successors and assigns, with entry of this Order, shall be permanently enjoined from
22 violating the Arizona Securities Act (the "Securities Act"). Defendants shall not sell any securities
23 within or from Arizona without being registered in Arizona as dealers or salesmen, or without
24 being exempt from such registration. Defendants shall not sell securities within or from Arizona
25 unless the securities are registered in Arizona or unless the securities are otherwise exempt from
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1 registration. Defendants shall not commit securities fraud in connection with the offer or sale of
2 securities within or from Arizona.

3 IT IS FURTHER ORDERED that, pursuant to A.R.S. §44-2032, Defendants shall jointly
4 and severally pay to the Commission restitution in the amount of Twenty Million Three Hundred
5 Eighty-eight Thousand and Thirty-five Dollars (\$20,388,035) which the Commission shall disburse
6 to each purchaser of Defendants' Universal Lease program who purchased such Universal Lease
7 within or from the State of Arizona ("Arizona Lease Purchasers"), as reflected on the records of the
8 Commission, as agreed upon by Defendants, plus interest at the rate of 10% per annum on any
9 unpaid balance from the entry date of this Order. The amount payable by Defendants hereunder
10 shall be reduced by any amount that has been previously paid to Arizona Lease Purchasers by
11 Defendants, upon proof satisfactory to the Commission by February 28, 2006 that such payments
12 have been made. Payment shall be made as follows: Four Million Dollars (\$4,000,000) on the date
13 of this Order; seven installments of Two Million Five Hundred Forty-eight Thousand Five
14 Hundred Four Dollars (\$2,548,504), and a final installment in an amount necessary to complete
15 payment of the entire amount due. The installment payments shall be semi-annual and are to be
16 received by the Commission no later than the last day of June and December, beginning June 30,
17 2006, until the entire restitution amount has been paid in full. The amount payable by Defendants
18 hereunder shall be reduced by either (1) the amount of payments received by Arizona Lease
19 Purchasers, as shown on the records of the Commission, and as agreed upon by Defendants, from
20 salesmen of Defendants or any one of them, to compensate Arizona Lease Purchasers for the
21 purchase price of their Universal Leases, upon receipt of satisfactory proof by the Commission that
22 such payments have been made, and/or (2) by payments received by the Commission from any
23 order in an action against any person or entity which resulted in a contribution to the repayment to
24 Arizona Lease Purchasers for the purchase price of their Universal Leases. Such offsets shall be
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1 applied to the final installment payment obligation. To be eligible for such offsets, Defendants
2 must have remained in full compliance with all terms and conditions contained in this Order.
3 Payment shall be made by cashier's check or money order payable to the "State of Arizona" to be
4 placed in an interest-bearing account maintained and controlled by the Commission. The
5 Commission shall disburse the funds on a pro rata basis to all known Arizona Lease Purchasers.
6 Any funds that the Commission is unable to disburse because Arizona Lease Purchasers cannot be
7 located shall be transferred to the general fund of the State of Arizona. Any restitution funds that
8 the Commission cannot disburse, because the Arizona Lease Purchaser refuses to accept such
9 payment, shall be disbursed to the remaining Arizona Lease Purchasers on a pro-rata basis until
10 such time as all remaining Arizona Lease Purchasers have been paid in full. Any remaining funds
11 after all Arizona Lease Purchasers have been paid in full shall be applied to civil penalties ordered
12 herein pursuant to A.R.S. §44-2037. In the event that the Defendants do not comply with the
13 payment provisions of the Order, any outstanding balance shall be in default and shall be
14 immediately due and payable.

16 IT IS FURTHER ORDERED, pursuant to A.R.S. §44-2038, that Defendants shall, jointly
17 and severally, pay on the date of this Order, costs of Forty-nine Thousand Four Hundred Eleven
18 Dollars (\$49,411) which the Commission will repay to the National White Collar Crime Center
19 ("NWCCC"), to reimburse the NWCCC for funds that agency had provided to the Commission to
20 assist in the investigation and trial of the Administrative Proceeding. Payment shall be made by
21 cashier's check or money order payable to the "State of Arizona" to be paid by the Commission to
22 the NWCCC.
23

24 IT IS FURTHER ORDERED that, pursuant to A.R.S. § 44-2037, Defendants shall jointly
25 and severally pay civil penalties to the Commission in the amount of Two Hundred Fifty Thousand
26 Dollars (\$250,000) provided that Defendants timely make all restitution payments pursuant to this

1 Order. If such restitution payments are not timely made the civil penalty will be increased to One
2 Million Dollars (\$1,000,000). Payment hereunder shall be made in full by cashier's check, money
3 order or other payment acceptable to the Commission together with the last installment payment of
4 restitution and should be made payable to the "State of Arizona." The civil penalties shall be
5 subordinate to any restitution obligations as ordered herein, and such penalties shall become
6 immediately due and payable only after payments to Arizona Lease Purchasers have been paid in
7 full, or if Defendants have defaulted prior to fulfilling such payment obligations. For the purpose
8 of this Final Judgment, a bankruptcy filing by any Defendant shall be an act of default on that
9 Defendant's obligations to pay funds hereunder unless such payment obligations have been fulfilled
10 at that time. If Defendants do not comply with this Final Judgment for civil penalties, any
11 outstanding balance may be deemed in default and shall be immediately due and payable.
12

13 IT IS FURTHER ORDERED that Defendants, as well as any employees, successors,
14 assigns, subordinates or agents thereof, will refrain, both directly and indirectly, from making any
15 additional offers or sales of securities relating to leases, condominium units, or other property
16 interests in the Mexican state of Quintana Roo within or from the state of Arizona. Such
17 proscribed activities shall include, but not be limited to, any offers or sales of securities relating to
18 estates, condominiums, commercial real estate or other property interests in the "Puerto Cancun"
19 development project.
20

21 IT IS FURTHER ORDERED that upon the execution and entering of the Order by the
22 Court and the payment by Defendants to the Commission of the initial restitution amount of Four
23 Million Dollars (\$4,000,000) and the cost amount of Forty-nine Thousand Four Hundred Eleven
24 Dollars (\$49,411) called for on the date of this Order, the Administrative Proceeding against
25 Defendants in this action shall be dismissed by the Commission with prejudice.
26

IT IS FURTHER ORDERED that based upon the agreement of the parties as expressly

1 represented to this Court, nothing herein shall be deemed to be a final adjudication of any issue of
2 fact or law pertaining to the Administrative Proceeding and further, that no finding of fact or
3 conclusion of law resulting from any other administrative proceeding, arising from the facts in the
4 Administrative Proceeding or this action, commenced by Plaintiff against any person(s) or entity,
5 shall be attributed to, effective against, binding upon, or shall have any collateral estoppel or res
6 judicata effect against any Defendants herein for any purpose.

7 IT IS FURTHER ORDERED that the prior order of this court dated February 21, 2006
8 remains in full force and effect except as specifically modified herein.

9 IT IS FURTHER ORDERED that the Superior Court of the State of Arizona, Maricopa
10 County, shall have continuing jurisdiction and venue over any and all actions, including an
11 application for an Order of Contempt, related to the enforcement of the Consent to Final Judgment
12 and Order of Permanent Injunction and this Final Judgment and Order of Permanent Injunction.
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14 DONE IN OPEN COURT this _____ day of _____, 2006.

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16 By: _____
17 Judge of the Superior Court
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1
2 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

3 **IN AND FOR THE COUNTY OF MARICOPA**

4 ARIZONA CORPORATION COMMISSION,)

5 Plaintiff,)

6 vs.)

7 MICHAEL EUGENE KELLY, a married man;)
8 YUCATAN RESORTS, INC., a former Indiana)
9 company; YUCATAN RESORTS, S.A., a former)
10 Panamanian corporation; RESORT HOLDINGS)
11 INTERNATIONAL, INC., a former Nevada)
12 corporation; and RESORT HOLDING)
13 INTERNATIONAL, S.A., a Panamanian)
14 Corporation;)

15 Defendants.)

No. CV 2006-001547

**JOINT MOTION TO AMEND FINAL
JUDGMENT AND ORDER OF
PERMANENT INJUNCTION**

(Assigned to the Honorable
Peter B. Swann)

16 On February 21, 2006 the Honorable Peter B. Swann signed the Final Judgment and Order
17 of Permanent Injunction attached hereto as Exhibit "A" (the "Order"). Pursuant to the Order the
18 Court retained continuing jurisdiction and venue over all actions related to the Order. The Plaintiff
19 and Defendants have agreed to certain limited amendments to the Order to clarify the original
20 intent of the parties.

21 WHEREFORE, THE PARTIES RESPECTFULLY REQUESTS THIS COURT:

22 Modify the Order as reflected in the form of Final Judgment and Order of Permanent
23 Injunction—Amended, attached hereto as Exhibit "B".

24 For the Arizona Corporation Commission

25 By: _____

26 Mark Dinell
Attorney for the Arizona Corporation Commission

1 For Michael Eugene Kelly
2
3

4 Paul J. Roshka, Esq., Attorney For
5 Michael Eugene Kelly
6

7 For: Yucatan Resorts, Inc.
8 Yucatan Resorts, S.A.,
9 Resort Holdings International, Inc.
10 Resort Holding International, S.A
11

12 Joel Held, Esq. Attorney for
13 Yucatan Resorts, Inc.
14 Yucatan Resorts, S.A.,
15 Resort Holdings International, Inc.
16 Resort Holding International, S.A
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EXHIBIT "A"

Final Judgment and Order of Permanent Injunction
Signed by Honorable Peter B. Swann, February 21, 2006

CERTIFIED COPY

FILED
3-2-06 @ 9:17 a.m.
MICHAEL K. JEANES, Clerk
By N. Kenney
Deputy

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN AND FOR THE COUNTY OF MARICOPA

ARIZONA CORPORATION COMMISSION,

Plaintiff,

vs.

MICHAEL EUGENE KELLY, a married man;
YUCATAN RESORTS, INC., a former Indiana
company; YUCATAN RESORTS, S.A., a former
Panamanian corporation; RESORT HOLDINGS
INTERNATIONAL, INC., a former Nevada
corporation; and RESORT HOLDING
INTERNATIONAL, S.A., a Panamanian
Corporation;

Defendants.

No. CV 2006-001547

FINAL JUDGMENT AND ORDER
OF PERMANENT INJUNCTION

(Assigned to the Honorable
Peter B. Swann)

On this 21st day of February, 2006, after consideration of the Consent to Final
Judgment and Order of Permanent Injunction executed by each of the Defendants MICHAEL
EUGENE KELLY, YUCATAN RESORTS, INC., YUCATAN RESORTS, S.A., RESORT
HOLDINGS INTERNATIONAL, INC., and RESORT HOLDING INTERNATIONAL, S.A., and

It appearing to the Court that each of the Defendants has consented to the entry of this Final
Judgment and Order of Permanent Injunction; and

It appearing to the Court that each of the Defendants has admitted jurisdiction of the Court
over themselves and the subject matter of this action; and

It appearing that the parties have entered into a Consent to Final Judgment and Order of
Permanent Injunction and pursuant thereto have agreed to the entry of this Order for the purpose of
settling any and all claims of the Arizona Corporation Commission (the "Commission") arising out

1 of facts related to the allegations contained in the Complaint in this action and the Administrative
2 Action, Docket S-03539A-03-000, pending before the Commission (the "Administrative
3 Proceeding"), and without Defendants admitting or denying any of the allegations in the Complaint
4 in this action or in the Administrative Proceeding, and without trial or final adjudication of any
5 issue of fact or law pertaining to this action or the Administrative Proceeding and provided that no
6 findings of fact or conclusion of law resulting from the Administrative Proceeding shall be
7 attributed to Defendants for any purpose;

8 NOW, THEREFORE, the Court finds sufficient basis to order the following:

9 IT IS ORDERED that, pursuant to A.R.S. §44-2032 Defendants, and their agents,
10 employees, successors and assigns, with entry of this Order, shall be permanently enjoined from
11 violating the Arizona Securities Act (the "Securities Act"). Defendants shall not sell any securities
12 within or from Arizona without being registered in Arizona as dealers or salesmen, or without
13 being exempt from such registration. Defendants shall not sell securities within or from Arizona
14 unless the securities are registered in Arizona or unless the securities are otherwise exempt from
15 registration. Defendants shall not commit securities fraud in connection with the offer or sale of
16 securities within or from Arizona.

17
18 IT IS FURTHER ORDERED that, pursuant to A.R.S. §44-2032, Defendants shall jointly
19 and severally pay to the Commission restitution in the amount of Twenty Million Three Hundred
20 Eighty-eight Thousand and Thirty-five Dollars (\$20,388,035) which the Commission shall disburse
21 to each purchaser of Defendants' Universal Lease program who purchased such Universal Lease
22 within or from the State of Arizona ("Arizona Lease Purchasers"), as reflected on the records of the
23 Commission, as agreed upon by Defendants, plus interest at the rate of 10% per annum on any
24 unpaid balance from the entry date of this Order. The amount payable by Defendants hereunder
25 shall be reduced by any amount that has been previously paid to Arizona Lease Purchasers by
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1 Defendants, upon proof satisfactory to the Commission by February 28, 2006 that such payments
2 have been made. Payment shall be made as follows: Four Million Dollars (\$4,000,000) on the date
3 of this Order; seven installments of Two Million Five Hundred Forty-eight Thousand Five
4 Hundred Four Dollars (\$2,548,504), and a final installment in an amount necessary to complete
5 payment of the entire amount due. The installment payments shall be semi-annual and are to be
6 received by the Commission no later than the last day of June and December, beginning June 30,
7 2006, until the entire restitution amount has been paid in full. The amount payable by Defendants
8 hereunder shall be reduced by either (1) the amount of payments received by Arizona Lease
9 Purchasers, as shown on the records of the Commission, and as agreed upon by Defendants, from
10 salesmen of Defendants or any one of them, to compensate Arizona Lease Purchasers for the
11 purchase price of their Universal Leases, upon receipt of satisfactory proof by the Commission that
12 such payments have been made, and/or (2) by payments received by the Commission from any
13 order in an action against any person or entity which resulted in a contribution to the repayment to
14 Arizona Lease Purchasers for the purchase price of their Universal Leases. Such offsets shall be
15 applied to the final installment payment obligation. To be eligible for such offsets, Defendants
16 must have remained in full compliance with all terms and conditions contained in this Order.
17 Payment shall be made by cashier's check or money order payable to the "State of Arizona" to be
18 placed in an interest-bearing account maintained and controlled by the Commission. The
19 Commission shall disburse the funds on a pro rata basis to all known Arizona Lease Purchasers.
20 Any funds that the Commission is unable to disburse because Arizona Lease Purchasers cannot be
21 located shall be transferred to the general fund of the State of Arizona. Any restitution funds that
22 the Commission cannot disburse, because the Arizona Lease Purchaser refuses to accept such
23 payment, shall be disbursed to the remaining Arizona Lease Purchasers on a pro-rata basis until
24 such time as all remaining Arizona Lease Purchasers have been paid in full. Any remaining funds
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1 after all Arizona Lease Purchasers have been paid in full shall be applied to civil penalties ordered
2 herein pursuant to A.R.S. §44-2037. In the event that the Defendants do not comply with the
3 payment provisions of the Order, any outstanding balance shall be in default and shall be
4 immediately due and payable.

5 IT IS FURTHER ORDERED, pursuant to A.R.S. §44-2038, that Defendants shall, jointly
6 and severally, pay on the date of this Order, costs of Forty-nine Thousand Four Hundred Eleven
7 Dollars (\$49,411) which the Commission will repay to the National White Collar Crime Center
8 ("NWCCC"), to reimburse the NWCCC for funds that agency had provided to the Commission to
9 assist in the investigation and trial of the Administrative Proceeding. Payment shall be made by
10 cashier's check or money order payable to the "State of Arizona" to be paid by the Commission to
11 the NWCCC.
12

13 IT IS FURTHER ORDERED that, pursuant to A.R.S. § 44-2037, Defendants shall jointly
14 and severally pay civil penalties to the Commission in the amount of Two Hundred Fifty Thousand
15 Dollars (\$250,000) provided that Defendants timely make all restitution payments pursuant to this
16 Order. If such restitution payments are not timely made the civil penalty will be increased to One
17 Million Dollars (\$1,000,000). Payment hereunder shall be made in full by cashier's check, money
18 order or other payment acceptable to the Commission together with the last installment payment of
19 restitution and should be made payable to the "State of Arizona." The civil penalties shall be
20 subordinate to any restitution obligations as ordered herein, and such penalties shall become
21 immediately due and payable only after payments to Arizona Lease Purchasers have been paid in
22 full, or if Defendants have defaulted prior to fulfilling such payment obligations. For the purpose
23 of this Final Judgment, a bankruptcy filing by any Defendant shall be an act of default on that
24 Defendant's obligations to pay funds hereunder unless such payment obligations have been fulfilled
25 at that time. If Defendants do not comply with this Final Judgment for civil penalties, any
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1 outstanding balance may be deemed in default and shall be immediately due and payable.

2 IT IS FURTHER ORDERED that Defendants, as well as any employees, successors,
3 assigns, subordinates or agents thereof, will refrain, both directly and indirectly, from making any
4 additional offers or sales of securities relating to leases, condominium units, or other property
5 interests in the Mexican state of Quintana Roo within or from the state of Arizona. Such
6 proscribed activities shall include, but not be limited to, any offers or sales of securities relating to
7 estates, condominiums, commercial real estate or other property interests in the "Puerto Cancun"
8 development project.

9 IT IS FURTHER ORDERED that upon the execution and entering of the Order by the
10 Court and the payment by Defendants to the Commission of the initial restitution amount of Four
11 Million Dollars (\$4,000,000) and the cost amount of Forty-nine Thousand Four Hundred Eleven
12 Dollars (\$49,411) called for on the date of this Order, the Administrative Proceeding against
13 Defendants in this action shall be dismissed by the Commission with prejudice.

15 IT IS FURTHER ORDERED that the Superior Court of the State of Arizona, Maricopa
16 County, shall have continuing jurisdiction and venue over any and all actions, including an
17 application for an Order of Contempt, related to the enforcement of the Consent to Final Judgment
18 and Order of Permanent Injunction and this Final Judgment and Order of Permanent Injunction.

19 DONE IN OPEN COURT this 21st day of February, 2006.

21 By: 

22 Judge of the Superior Court

23 Peter B. Swann

24 The foregoing instrument is a full, true and correct copy
25 of the original document.

26 Attest March 2 2006
MICHAEL K. JEANES, Clerk of the Superior Court of the
State of Arizona, in and for the County of Maricopa.

By W. Kenney Deputy

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EXHIBIT "B"

Form of Final Judgment and Order of Permanent Injunction--Amended

1
2 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**
3 **IN AND FOR THE COUNTY OF MARICOPA**

4 ARIZONA CORPORATION COMMISSION,)
5)

6 Plaintiff,)

7 vs.)

8 MICHAEL EUGENE KELLY, a married man;)
9 YUCATAN RESORTS, INC., a former Indiana)
company; YUCATAN RESORTS, S.A., a former)
Panamanian corporation; RESORT HOLDINGS)
10 INTERNATIONAL, INC., a former Nevada)
corporation; RESORT HOLDING)
11 INTERNATIONAL, S.A., a Panamanian)
Corporation; and WORLD PHANTASY TOURS,)
12 INC., aka MAJESTY TRAVEL, aka VIAJES)
MAJESTY)

13 Defendants.)
14)
15)

No. CV 2006-001547

**FINAL JUDGMENT AND ORDER
OF PERMANENT INJUNCTION--
AMENDED**

(Assigned to the Honorable
Peter B. Swann)

16 On this _____ day of _____, 2006, after consideration of the Joint Motion to
17 Amend Final Judgment and Order of Permanent Injunction executed by counsel for Plaintiff and all
18 Defendants, except World Phantasy Tours, Inc., aka Majesty Travel, aka Viajes Majesty, and the
19 Consent to Final Judgment and Order of Permanent Injunction executed by World Phantasy Tours,
20 Inc., aka Majesty Travel, aka Viajes Majesty, and

21 This Court having previously entered a Final Judgment and Order of Permanent of
22 Injunction signed February 21, 2006 with Defendants Michael Eugene Kelly, Yucatan Resorts,
23 Inc., Yucatan Resorts, S.A., Resort Holdings International, Inc. and Resort Holding International,
24 S.A. (collectively, along with World Phantasy Tours, Inc., aka Majesty Travel, aka Viajes Majesty,
25 "Defendants") and it appearing to the Court that Plaintiff and Defendants agree to certain
26

1 amendments to this Court's February 21, 2006 Final Judgment and Order of Permanent of
2 Injunction. It further appearing to the Court that each of the Defendants has consented to the entry
3 of this Final Judgment and Order of Permanent Injunction; and

4 It appearing to the Court that each of the Defendants has admitted jurisdiction of the Court
5 over themselves and the subject matter of this action; and

6 It appearing that the parties have entered into a Consent to Final Judgment and Order of
7 Permanent Injunction and pursuant thereto have agreed to the entry of this Order for the purpose of
8 settling any and all claims of the Arizona Corporation Commission (the "Commission") arising out
9 of facts related to the allegations contained in the Complaint in this action and the Administrative
10 Action, Docket S-03539A-03-000, pending before the Commission (the "Administrative
11 Proceeding"), and without Defendants admitting or denying any of the allegations in the Complaint
12 in this action or in the Administrative Proceeding, and without trial or final adjudication of any
13 issue of fact or law pertaining to this action or the Administrative Proceeding and provided that no
14 findings of fact or conclusion of law resulting from any other administrative proceeding, arising
15 from the facts in the Administrative Proceeding or this action, commenced by Plaintiff against any
16 person or entity shall be attributed to, effective against or binding upon Defendants for any
17 purpose;
18

19 NOW, THEREFORE, the Court finds sufficient basis to order the following:

20 IT IS ORDERED that, pursuant to A.R.S. §44-2032 Defendants, and their agents,
21 employees, successors and assigns, with entry of this Order, shall be permanently enjoined from
22 violating the Arizona Securities Act (the "Securities Act"). Defendants shall not sell any securities
23 within or from Arizona without being registered in Arizona as dealers or salesmen, or without
24 being exempt from such registration. Defendants shall not sell securities within or from Arizona
25 unless the securities are registered in Arizona or unless the securities are otherwise exempt from
26

1 registration. Defendants shall not commit securities fraud in connection with the offer or sale of
2 securities within or from Arizona.

3 IT IS FURTHER ORDERED that, pursuant to A.R.S. §44-2032, Defendants shall jointly
4 and severally pay to the Commission restitution in the amount of Twenty Million Three Hundred
5 Eighty-eight Thousand and Thirty-five Dollars (\$20,388,035) which the Commission shall disburse
6 to each purchaser of Defendants' Universal Lease program who purchased such Universal Lease
7 within or from the State of Arizona ("Arizona Lease Purchasers"), as reflected on the records of the
8 Commission, as agreed upon by Defendants, plus interest at the rate of 10% per annum on any
9 unpaid balance from the entry date of this Order. The amount payable by Defendants hereunder
10 shall be reduced by any amount that has been previously paid to Arizona Lease Purchasers by
11 Defendants, upon proof satisfactory to the Commission by February 28, 2006 that such payments
12 have been made. Payment shall be made as follows: Four Million Dollars (\$4,000,000) on the date
13 of this Order; seven installments of Two Million Five Hundred Forty-eight Thousand Five
14 Hundred Four Dollars (\$2,548,504), and a final installment in an amount necessary to complete
15 payment of the entire amount due. The installment payments shall be semi-annual and are to be
16 received by the Commission no later than the last day of June and December, beginning June 30,
17 2006, until the entire restitution amount has been paid in full. The amount payable by Defendants
18 hereunder shall be reduced by either (1) the amount of payments received by Arizona Lease
19 Purchasers, as shown on the records of the Commission, and as agreed upon by Defendants, from
20 salesmen of Defendants or any one of them, to compensate Arizona Lease Purchasers for the
21 purchase price of their Universal Leases, upon receipt of satisfactory proof by the Commission that
22 such payments have been made, and/or (2) by payments received by the Commission from any
23 order in an action against any person or entity which resulted in a contribution to the repayment to
24 Arizona Lease Purchasers for the purchase price of their Universal Leases. Such offsets shall be
25
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1 applied to the final installment payment obligation. To be eligible for such offsets, Defendants
2 must have remained in full compliance with all terms and conditions contained in this Order.
3 Payment shall be made by cashier's check or money order payable to the "State of Arizona" to be
4 placed in an interest-bearing account maintained and controlled by the Commission. The
5 Commission shall disburse the funds on a pro rata basis to all known Arizona Lease Purchasers.
6 Any funds that the Commission is unable to disburse because Arizona Lease Purchasers cannot be
7 located shall be transferred to the general fund of the State of Arizona. Any restitution funds that
8 the Commission cannot disburse, because the Arizona Lease Purchaser refuses to accept such
9 payment, shall be disbursed to the remaining Arizona Lease Purchasers on a pro-rata basis until
10 such time as all remaining Arizona Lease Purchasers have been paid in full. Any remaining funds
11 after all Arizona Lease Purchasers have been paid in full shall be applied to civil penalties ordered
12 herein pursuant to A.R.S. §44-2037. In the event that the Defendants do not comply with the
13 payment provisions of the Order, any outstanding balance shall be in default and shall be
14 immediately due and payable.

16 IT IS FURTHER ORDERED, pursuant to A.R.S. §44-2038, that Defendants shall, jointly
17 and severally, pay on the date of this Order, costs of Forty-nine Thousand Four Hundred Eleven
18 Dollars (\$49,411) which the Commission will repay to the National White Collar Crime Center
19 ("NWCCC"), to reimburse the NWCCC for funds that agency had provided to the Commission to
20 assist in the investigation and trial of the Administrative Proceeding. Payment shall be made by
21 cashier's check or money order payable to the "State of Arizona" to be paid by the Commission to
22 the NWCCC.

24 IT IS FURTHER ORDERED that, pursuant to A.R.S. § 44-2037, Defendants shall jointly
25 and severally pay civil penalties to the Commission in the amount of Two Hundred Fifty Thousand
26 Dollars (\$250,000) provided that Defendants timely make all restitution payments pursuant to this

1 Order. If such restitution payments are not timely made the civil penalty will be increased to One
2 Million Dollars (\$1,000,000). Payment hereunder shall be made in full by cashier's check, money
3 order or other payment acceptable to the Commission together with the last installment payment of
4 restitution and should be made payable to the "State of Arizona." The civil penalties shall be
5 subordinate to any restitution obligations as ordered herein, and such penalties shall become
6 immediately due and payable only after payments to Arizona Lease Purchasers have been paid in
7 full, or if Defendants have defaulted prior to fulfilling such payment obligations. For the purpose
8 of this Final Judgment, a bankruptcy filing by any Defendant shall be an act of default on that
9 Defendant's obligations to pay funds hereunder unless such payment obligations have been fulfilled
10 at that time. If Defendants do not comply with this Final Judgment for civil penalties, any
11 outstanding balance may be deemed in default and shall be immediately due and payable.
12

13 IT IS FURTHER ORDERED that Defendants, as well as any employees, successors,
14 assigns, subordinates or agents thereof, will refrain, both directly and indirectly, from making any
15 additional offers or sales of securities relating to leases, condominium units, or other property
16 interests in the Mexican state of Quintana Roo within or from the state of Arizona. Such
17 proscribed activities shall include, but not be limited to, any offers or sales of securities relating to
18 estates, condominiums, commercial real estate or other property interests in the "Puerto Cancun"
19 development project.
20

21 IT IS FURTHER ORDERED that upon the execution and entering of the Order by the
22 Court and the payment by Defendants to the Commission of the initial restitution amount of Four
23 Million Dollars (\$4,000,000) and the cost amount of Forty-nine Thousand Four Hundred Eleven
24 Dollars (\$49,411) called for on the date of this Order, the Administrative Proceeding against
25 Defendants in this action shall be dismissed by the Commission with prejudice.
26

IT IS FURTHER ORDERED that based upon the agreement of the parties as expressly

1 represented to this Court, nothing herein shall be deemed to be a final adjudication of any issue of
2 fact or law pertaining to the Administrative Proceeding and further, that no finding of fact or
3 conclusion of law resulting from any other administrative proceeding, arising from the facts in the
4 Administrative Proceeding or this action, commenced by Plaintiff against any person(s) or entity,
5 shall be attributed to, effective against, binding upon, or shall have any collateral estoppel or res
6 judicata effect against any Defendants herein for any purpose.

7 IT IS FURTHER ORDERED that the prior order of this court dated February 21, 2006
8 remains in full force and effect except as specifically modified herein.

9 IT IS FURTHER ORDERED that the Superior Court of the State of Arizona, Maricopa
10 County, shall have continuing jurisdiction and venue over any and all actions, including an
11 application for an Order of Contempt, related to the enforcement of the Consent to Final Judgment
12 and Order of Permanent Injunction and this Final Judgment and Order of Permanent Injunction.

13 DONE IN OPEN COURT this _____ day of _____, 2006.
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16 By: _____
17 Judge of the Superior Court
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